

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1417-05
Bill No.: SB 381
Subject: Education, Higher; Higher Education Department; Boards, Commissions,
Committees, Councils
Type: Original
Date: March 12, 2013

Bill Summary: This proposal creates the Innovation Education Campus Fund and recognizes the University of Central Missouri's Missouri Innovation Campus.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	\$0 or (Unknown - Could exceed \$100,000)	\$0 or (Unknown - Could exceed \$100,000)	\$0 or (Unknown - Could exceed \$100,000)
Total Estimated Net Effect on General Revenue Fund	\$0 or (Unknown - Could exceed \$100,000)	\$0 or (Unknown - Could exceed \$100,000)	\$0 or (Unknown - Could exceed \$100,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Innovation Education Campus Fund*	\$0	\$0	\$0
Universities	\$0 or Unknown - Could exceed \$100,000	\$0 or Unknown - Could exceed \$100,000	\$0 or Unknown - Could exceed \$100,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or Unknown - Could exceed \$100,000	\$0 or Unknown - Could exceed \$100,000	\$0 or Unknown - Could exceed \$100,000

*Offsetting Transfers In and Disbursements are \$0 or Unknown - Could exceed \$100,000 yearly.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0 or Unknown - Could exceed \$100,000	\$0 or Unknown - Could exceed \$100,000	\$0 or Unknown - Could exceed \$100,000

FISCAL ANALYSIS

ASSUMPTION

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from **Linn State Technical College** assume this proposal will have an unknown fiscal impact on their college.

Officials from the **University of Central Missouri (UCM)** anticipate positive fiscal impact from this proposal if funds are subsequently appropriated to offset UCM expenditures for the Missouri Innovation Campus.

ASSUMPTION (continued)

Officials from the **Kansas City Metropolitan Community College (KCMCC)** estimate that the fiscal impact of this proposal could be as high as \$4.75 million a year. This estimate is based upon a 20% loss of credit hours at KCMCC campuses at Longview and Business and Technology. KCMCC currently generates approximately 125,000 credit hours at those locations and would estimate that 20% of those hours could be lost to the Innovation Campus. With a state aid funding rate of approximately \$75/credit hour and an average tuition rate of \$115/credit hour, the result could be 25,000 credit hours x \$190/credit hour = \$4,750,000.

Oversight assumes the legislation calls for collaboration between four year universities, school districts, and community colleges to create an “innovation education campus”. Oversight assumes KCMCC would have the opportunity to be involved in an innovation education campus and would not lose funding or tuition.

Officials from the **Department of Higher Education, Joint Committee on Administrative Rules, Office of State Treasurer, Missouri State University, and the University of Missouri System** each assume the proposal would not fiscally impact their respective agencies and institutions.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Transfer Out - Innovation Education Campus Fund</u>	\$0 or (Unknown - Could exceed <u>\$100,000)</u>	\$0 or (Unknown - Could exceed <u>\$100,000)</u>	\$0 or (Unknown - Could exceed <u>\$100,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (Unknown - Could exceed <u>\$100,000)</u>	\$0 or (Unknown - Could exceed <u>\$100,000)</u>	\$0 or (Unknown - Could exceed <u>\$100,000)</u>

FISCAL IMPACT - State Government
(Continued)

FY 2014
(10 Mo.)

FY 2015

FY 2016

**INNOVATION EDUCATION
 CAMPUS FUND**

Transfer In - General Revenue

\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
- Could exceed	- Could exceed	- Could exceed
\$100,000	\$100,000	<u>\$100,000</u>

**Disbursements - Innovation Education
 Campuses**

\$0 or (Unknown	\$0 or (Unknown	\$0 or (Unknown
- Could exceed	- Could exceed	- Could exceed
<u>\$100,000)</u>	<u>\$100,000)</u>	<u>\$100,000)</u>

**ESTIMATED NET EFFECT ON
 INNOVATION EDUCATION
 CAMPUS FUND**

\$0

\$0

\$0

UNIVERSITIES

**Revenue - Funding from Innovation
 Education Campus fund to qualifying
 Universities**

\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
- Could exceed	- Could exceed	- Could exceed
<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

**ESTIMATED NET EFFECT ON
 UNIVERSITIES**

\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
- Could exceed	- Could exceed	- Could exceed
<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

FISCAL IMPACT - Local Government

FY 2014
 (10 Mo.)

FY 2015

FY 2016

**LOCAL POLITICAL
 SUBDIVISIONS**

Revenue - Colleges - Funding from
 Innovation Education Campus Fund to
 qualifying Colleges

\$0 or Unknown -
 Could exceed
 \$100,000

\$0 or Unknown
 - Could exceed
 \$100,000

\$0 or Unknown
 - Could exceed
 \$100,000

**ESTIMATED NET EFFECT ON
 LOCAL POLITICAL
 SUBDIVISIONS**

**\$0 or Unknown
 - Could exceed
 \$100,000**

**\$0 or Unknown
 - Could exceed
 \$100,000**

**\$0 or Unknown
 - Could exceed
 \$100,000**

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act creates the Innovation Education Campus Fund to provide funding to innovation education campuses.

Public four year institutions of higher education, school districts, and community colleges that offer a combined program of instruction may receive moneys from the fund provided they demonstrate compliance to the Coordinating Board for Higher Education with the following criteria: they actively work to lower the cost for students to complete a college degree; the program decreases the amount of time required for a student to earn a college degree; the campus provides applied learning experiences for students; and students graduate from the campus with direct access to a career.

Linn State Technical College may participate in an innovation education campus.

Any moneys received by an innovation education campus will not be considered part of the annual appropriation to an institution of higher education or a school district. The University of Central Missouri's Missouri Innovation Campus has already satisfied the eligibility requirements to receive moneys from the fund.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

LMD:LR:OD

SOURCES OF INFORMATION

Department of Higher Education
Joint Committee on Administrative Rules
Office of Secretary of State
 Administrative Rules Division
Office of State Treasurer
Colleges and Universities
 Missouri Western State University
 Missouri State University
 University of Missouri System
 Kansas City Metropolitan Community College
 Linn State Technical College
 University of Central Missouri



Ross Strope
Acting Director
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